

## Message Text

LIMITED OFFICIAL USE

PAGE 01 PORT M 00787 120205Z

63

ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05

EB-07 COME-00 TRSE-00 OMB-01 IO-10 /079 W

----- 033566

R 112240Z AUG 75

FM AMCONSUL PORT MORESBY

TO SECSTATE WASHDC 759

INFO AMEMBASSY CANBERRA

AMEMBASSY WELLINGTON

CINCPAC

LIMITED OFFICIAL USE PORT MORESBY 0787

CINCPAC FOR POLAD

E.O. 11652: NA

TAGS: EFIN, PP

SUBJ: SOMARE TO SEEK AUSTRALIAN GRANT INCREASE FOR PNG

REF: PORT MORESBY 0744

1. CHIEF MINISTER MICHAEL SOMARE LEFT PORT MORESBY AUGUST 10 TO MEET WITH AUSTRALIAN PRIME MINISTER WHITLAM IN SYDNEY AUGUST 11 REGARDING THE AUSTRALIAN CUT IN PROJECTED AID LEVELS FOR THE 1975/76 PNG BUDGET. SOMARE WAS ACCOMPANIED BY TWO SENIOR MINISTERS, FINANCE MINISTER JULIUS CHAN, AND MINISTER FOR DEFENSE, FOREIGN RELATIONS AND TRADE, SIR MAORI KIKI. AUSTRALIAN MINISTER FOR FOREIGN AFFAIRS SENATOR DON WILLESEE AND THE TREASURER BILL HAYDEN WILL ALSO ATTEND THE TALKS.

2. BEFORE HE LEFT PORT MORESBY, SOMARE SAID THAT IF MORE MONEY WAS NOT FORTHCOMING, THERE WOULD HAVE TO BE "SAVAGE CUTS" IN GOVERNMENT EXPENDITURE. THIS COULD INCLUDE THE SCRAPPING OF SOME GOVERNMENT DEPARTMENTS ALTOGETHER.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PORT M 00787 120205Z

3. THE PNG GOVERNMENT IS UNDERSTOOD TO HAVE ASKED AUSTRALIA

FOR K180 MILLION THIS FINANCIAL YEAR. ACCORDING TO CHAN, THE SIZE OF THE CUT WILL NOT BE KNOWN UNTIL LATER THIS MONTH WHEN THE AUSTRALIAN BUDGET IS BROUGHT DOWN. THE LOCAL PRESS REPORTED THAT THE GPNG IS NOW AWARE THAT THE CUT COULD BE AS MUCH AS K40 MILLION, MUCH LARGER THAN INITIALLY THOUGHT. (SEE REFTEL.)

4. THE CHIEF MINISTER SAID THAT HE WAS TRYING TO OBTAIN A FIRM COMMITMENT FROM MR. WHITLAM THAT THE THREE YEAR PAYMENT OF K500 MILLION WOULD BE ADHERED TO AND THAT IT WOULD NOT INCLUDE FUNDING FOR THE "GOLDEN HANDSHAKE" GOING TO RETIRING OR LOCALIZED AUSTRALIAN CIVIL SERVANTS SERVING IN PNG. SOMARE SAID THAT "PNG HAS BEEN GIVEN A VERY FAIR DEAL BY AUSTRALIA," BUT THAT IF AUSTRALIA WAS UNABLE TO PROVIDE THE HOPED-FOR ASSISTANCE NOW, IT WOULD AT LEAST GIVE A GUARANTEE THAT IT WOULD DO SO IN THE NEXT TWO TO THREE YEARS. IF THIS CAN NOT BE DONE, THEN THE GPNG WILL HAVE TO CUT ITS SPENDING. THE RESULTS WOULD BE "DESTRUCTION OF THE SELF-RELIANCE PROGRAM," HE SAID.

5. SOMARE IS NOT BELIEVED TO BE OPTIMISTIC ABOUT REVERSING THE AID CUT THIS YEAR, ALTHOUGH CHAN IS APPARENTLY MORE OPTIMISTIC. CHAN ALSO SAID THAT HE WAS CONFIDENT THE PROBLEM COULD BE RESOLVED WITHOUT HAVING TO APPROACH OTHER POTENTIAL AID DONORS.

6. COMMENT: THE PROJECTED AID CUT HAS STIRRED UP A HORNET'S NEST HERE. AN AIDE TO HIGH COMMISSIONER CRITCHLEY TOLD THE ECONOFF AUGUST 10 THAT THEY WERE DEEPLY CONCERNED THAT A CUT AT THIS TIME WOULD DESTROY MOYT IF NOT ALL OF THE GOOD WILL BUILT UP BY THE GENEROUS AUSTRALIAN AID PROGRAM. HE SAID THAT AUSTRALIAN OFFICIALS HERE WERE TRYING THROUGH THEIR CHANNELS TO HAVE THE DECISION EITHER REVERSED OR THE CUT REDUCED IN SIZE. AT THIS POINT, NO ONE IN PORT MORESBY KNOWS WHETHER PRIME MINISTER WHITLEY IS OPEN TO COMPROMISE. BUT IT IS TAKEN AS A GOOD SIGN THAT HE HAS AGREED TO SEE THE PNG DELEGATION AND THAT THE MEETING IS AT SUCH A SENIOR LEVEL ON BOTH SIDES.

7. THE FEAR OF A BACKLASH MAY BE EXAGGERATED, BUT THERE IS CLEARLY SOME ANGER AND SOME APPREHENSION WITHIN THE GOVERNMENT GENERATED BY THE UNILATERAL PROPOSED CUTS. THE TOP LEVEL MEETING SHOULD HELP CLEAR THE AIR AND REASSURE, TO SOME EXTENT, GPNG OFFICIALS WHO KNOW ONLY TOO WELL HOW DEPENDENT THEY ARE ON LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PORT M 00787 120205Z

FOREIGN AID.  
OLMSTED

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** VISITS, FOREIGN ASSISTANCE  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 AUG 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ellisoob  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975PORTM00787  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750277-0790  
**From:** PORT MORESBY  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750864/aaaacefr.tel  
**Line Count:** 109  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 PORT MORESBY 744  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ellisoob  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 07 JUL 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <07 JUL 2003 by CunninFX>; APPROVED <12 NOV 2003 by ellisoob>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SOMARE TO SEEK AUSTRALIAN GRANT INCREASE FOR PNG  
**TAGS:** EFIN, ECON, PDEV, PP, AS, (SOMARE, MICHAEL)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006